

purchaser, the system communicates with a vendor audience to solicit offers for sale of the requested item at a price lower than the starting bid submitted by the purchaser.

In contrast to existing approaches to the auction process, the present invention provides a system and method that creates competition among several vendors to consummate a sale of an item with a purchaser at a price that is below the initial starting bid that was submitted by the purchaser.

The present invention provides an obvious advantage to the purchaser in that he or she is allowed to set the starting bid price rather than the group of vendors offering the item for sale. Additionally, the purchaser is totally relieved from participating in the bidding process after he or she submits the initial starting bid. As such, the present invention effectively shifts the burden of participating in the competitive bidding process from the buyer to the seller without the buyer risking the loss of the benefit of obtaining the desired item at the lowest possible price. (Page 9, lines 8-14)

Claims 2, 3, 6, 8 and 9 are rejected under 35 USC §103(a) as unpatentable over Godin et al. in view of Herz et al.

Basic considerations which apply to obviousness rejections include that the referenced information must be viewed without the benefit of impermissible hindsight afforded by the claimed invention and that the claimed invention must be considered as a whole.

New independent claims 8 and 9 describe an Internet-based auction method that includes the steps of conducting a search over a network or Internet to determine the most favorable advertised price for a desired good or service offered for sale by a first set of multiple vendors. After obtaining the most favorable advertised price for the desired goods or services, the present invention allows the user to solicit bids over the network or Internet from a second set of vendors to obtain a price for

the desired goods or services that is lower than the most favorable advertised price obtained from the first set of multiple vendors.

The essence of the Applicant's invention is that it provides the user a method of obtaining a desired item at a price lower than the most favorable advertised price through the initiation of a reverse auction amongst several vendors offering the desired item for sale. In this matter, the burden of participating in the competitive bidding process is shifted to the sellers of the desired item without the purchaser risking the loss of the benefit of obtaining the desired item at the lowest possible price. Applicant contends that this claimed feature is not suggested by the combination of Godin et al. and Herz et al.

Godin et al. describes a typical reverse auction process that includes additional features to register and remove purchasers to and from the bidding process. The method assigns a designated time for which each product offered is to be auctioned. At the start of the designated time, the auction begins and continues until a fixed period of time is expired. During the auction, a starting price and quantity of the item being auctioned, both being predetermined by the vendor, are displayed and decreased as the time remaining in the auction decreases and purchases are made, respectively. Godin et al. makes no suggestion of obtaining a most favorable advertised price of the desired item and then allowing a purchaser to initiate a reverse auction process in which vendors are polled to solicit bids for sale of the requested item at a price lower than the most favorable advertised price. As such, Applicant contends that this reference should not be used as a basis for rejection under 35 USC §103(a) in view of Herz et al.

Herz et al. is directed to an automated search system that enables a user to access information of relevance and interest without requiring the user to expend an excessive amount of time and energy searching for the information. The invention relates to customized, electronic

identification of desirable objects such as news articles in an electronic media environment. The system automatically constructs both a "target profile" for each "target object" in the electronic media database and a "target profile interest summary" for each user, which describes the user's interest level and various types of target objects. The target profile for each target object may be based, for example, on the frequency with which each word appears in a news article relative to its overall frequency of use. The system then evaluates the target profiles against the user's target profile interest summaries to generate a user-customized rank or listing of target objects most likely to be of interest to each user so that the user can select from among these potentially relevant target objects which were automatically selected by the system from the plethora of target objects that are profiled on the electronic media.

There is no suggestion in Herz et al. to construct an Internet-based auction method wherein the invention of Herz et al. may be combined with Godin et al. to obtain a reverse auction process as according to Applicant's invention wherein a purchaser of a desired item is relieved from the burden of participating in the competitive bidding process of the auction while retaining the benefit of having the opportunity to purchase the desired item at the lowest possible price.

Applicant submits that hindsight may not be used as a proxy for an obviousness rejection that requires cited references to suggest a claimed invention as a whole. It has long been recognized that obviousness cannot be established by combining the teachings of the prior art to produce the claimed invention unless there is some teaching, suggestion or incentive in this prior art which would have made such a combination appropriate. *Ashland Oil, Inc. v. Delta Resins & Refractories, Inc. et al.*, 776 F2d 281, 297, 27 USPQ 657, 667. Further, in determining the differences between the prior art and the claims, the question under 35 USC §103 is not whether the differences

themselves would have been obvious, but whether the claimed invention as a whole would have been obvious; *Strata Flicks, Inc. v. Air Equip Corp.*, 218 USPQ 871 (Fed. Cir. 1983).

Applicant contends that it would not have been obvious for one having ordinary skill in the art to combine the teachings of Godin et al. with Herz et al. in a manner that would suggest Applicant's claimed invention as a whole. Neither Godin et al. nor Herz et al. suggests such a combination. Further, without the benefit of impermissible hindsight, Applicant submits that combining the two cited references would not result in the inventive Internet-based auction method wherein a purchaser is able to obtain pricing information for an item from a broad selection of vendors offering that item; determine a lowest price from the obtained pricing information, and negotiate a final price lower than the lowest price obtained in the pricing information thus gaining the ability to purchase the item at the lowest possible price in a broad market scheme. Most importantly, it would not have been obvious to fashion a reverse auction process that provides the beneficial result of relieving the purchaser from actively participating in the competitive bidding process without the risk of losing the chance of obtaining the desired item at the best possible price.

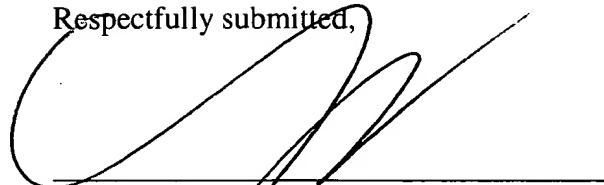
Dependent claims 2, 3 and 6 have been rejected under 35 USC §103 as being obvious in view of the above-cited references. Independent claims 8 and 9 are believed to contain patentable subject matter and are the claims from which claims 2, 3 and 6 depend. Accordingly, Applicant respectfully requests reconsideration of the dependent claims in view of the foregoing arguments set forth above for independent claims 8 and 9 from which they depend.

From the foregoing arguments, Applicant respectfully requests that the references be withdrawn as a basis for rejection under 35 USC §103. Applicant submits that none of the present claims are obvious over any permissible combination of the prior art of record. Accordingly, they

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define patentable subject matter and are in condition for allowance, and appropriate action toward these ends is respectfully requested.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'John G. Posa', is written over a horizontal line.

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